

Africapitalism

Africa is on the rise. Enabled by natural resources, commodity trading and the recent discovery by the global market that Africa is the last frontier of capitalism, African entrepreneurs are now being empowered as economic change agents. How can this new economic elite engage in the sustainable development of the continent? 'Africapitalism', the term coined by Nigerian entrepreneur Tony O. Elumelu, describes an economic philosophy embodying the private sector's commitment to the economic transformation of Africa through investments generating economic prosperity and social wealth. The concept has attracted significant attention in both business and policy circles. Promoting a positive change in approach and outlook towards development in Africa, this book consolidates research and insights into the Africapitalism movement, and will appeal to scholars, researchers and graduate students of African studies, international business, business and society, corporate social responsibility, strategic management, economic thought, international political economy, leadership, and development studies.

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Africapitalism

Rethinking the Role of Business in Africa

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Foreword

For decades, Africans and non-Africans alike have hypothesised about Africa's potential, designing a variety of routes and road maps to reach the desired destination of opportunity and prosperity for *all* Africans fostered by inclusive and sustainable systems. My response to this evergreen subject of realising Africa's rise is the economic philosophy of Africapitalism, which outlines a new approach to capitalism and private-sector responsibility on the continent.

The concept of Africapitalism is defined as the private sector's commitment to African development through long-term investments in strategic sectors of the economy that create both economic prosperity and social wealth. Africapitalism focuses on private-sector growth as the primary driver of Africa's development, and at its heart calls for a new kind of capitalism: one that focuses on long-term investment in key sectors to spark the growth of African-owned businesses, stimulate the creation of jobs and create, in a sustainable form, both economic and social good. Essentially, Africapitalism embodies a private-sector-led approach to solving some of Africa's most intractable development problems.

How practical is Africapitalism? Africa offers compelling economic and business opportunities that can, at the same time, meet a range of social objectives. In fact, Africa's burgeoning private sector and its growing domestic industries have already delivered significant returns to investors and entrepreneurs, while also addressing many of Africa's persistent structural challenges. Consider for example my own experience building what is now one of the largest banks in Africa – United Bank for Africa (UBA) with more than 14 million customers, nearly 25,000 employees and operations in nineteen African countries, the United States, the United Kingdom and France.

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The story of today's UBA is one I often share. In 1997, a group of investors and I took over a shuttered bank, and rapidly built the bank into one of Nigeria's largest by reaching out to the over 90 per cent of the Nigerian population (at the time 110 million people) who did not have bank accounts and were excluded from the financial services sector. In the process of democratising Nigerian – and later African – banking, we built Standard Trust Bank, and subsequently, the United Bank for Africa, into a pan-African financial services institution that not only created substantial value for the shareholders, but also created social wealth for a broader set of previously unbanked and under-banked stakeholders. Not only were we doing well and earning substantial returns for our investors, we were also doing good by enabling broader inclusivity in the financial services sector, solving people's problems, easing access to finance for small businesses and improving their productivity and eliminating persistent inefficiencies in what had been a very undemocratic banking sector. We accomplished all this in addition to effectively meeting the increasing demand for trade finance and cross-border finance as intraregional investment and commerce strengthened.

Upon retiring from the bank in 2010, I sought to do the same thing for other sectors in Africa. I established Heirs Holdings as a proprietary investment company that would invest in sectors and businesses that created both economic prosperity and social wealth in line with Africapitalism. Today, we invest in strategic sectors of the African economy – agriculture, financial services, real estate, energy, oil and gas, health care and hospitality – creating the jobs, opportunity and wealth necessary to transform Africa for good.

Africapitalism is coming to life all over Africa and beyond as business leaders, government leaders and entrepreneurs respond to its call to action. Africans must take primary responsibility for Africa's development, and non-Africans must now evolve their thinking about the best ways to channel their investments on the continent and shake up the old aid-based approach. The case study of Andrew Rugasira, a young Ugandan entrepreneur who defied all odds to build

Good African Coffee, which has now become the first company to sell an African-owned coffee brand directly to the United Kingdom retailers, is inspiring and demonstrates Africapitalism in action.

Good African Coffee has enjoyed significant profits, all the while placing community development at the centre of its strategy – proof that economic and social wealth need not compete but can coexist. The story affirms Africapitalism’s trust in the power of private capital to transform society and strengthens my own resolve to support as many entrepreneurs as I can across the continent. My foundation, the Tony Elumelu Foundation, continues to empower thousands of African entrepreneurs whose business ideas – from all fifty-four countries on the continent – have the potential to transform Africa.

Overall, I commend all those who contributed to the production of this book, which I am confident will go a long way in provoking critical thought and changing mindsets as far as Africa’s development is concerned. *Africapitalism: Rethinking the Role of Business in Africa* and the contributions of soon-to-come publications on Africapitalism will ensure that Africa will continue progressing towards the prosperity and stability that it yearns for, and so richly deserves.

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